

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS**

SEPTEMBER 30, 2008

(In Thousands)

Total fund balances for governmental funds \$ 3,907,792

Amounts reported for governmental activities in the Statement of Net Assets
are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the funds. (Note 9)

Land and other non-depreciable assets	3,370,987	
Buildings, equipment, and other depreciable assets	4,401,550	
Infrastructure	12,636,941	
Construction in progress	1,152,866	
Interest in joint ventures	32,856	
Accumulated depreciation	<u>(1,954,668)</u>	19,640,533

Certain tax revenues are earned but not available and therefore are not
reported in the funds. 2,190,521

Other long-term assets are not available to pay for current period
expenditures and therefore are deferred in the funds. 375,356

Amounts due to component units for long-term loans. (75,359)

Internal service funds are used by management to charge the costs of
certain activities, such as insurance and telecommunications, to
individual funds. The assets and liabilities of the internal service funds
are included in governmental activities in the Statement of Net Assets. 169,845

Certain pension trust funds have been funded in excess of the annual
required contributions, creating a year-end asset. This asset is not a
current available resource and is not reported in the funds. (Note 10) 990

Deferred issue costs are reported as current expenditures in the funds.
However, deferred issue costs are amortized over the life of the bonds
and are included in the governmental activities in the Statement of Net
Assets. 44,544

Recoveries of prior year expenditures related to long-term liabilities. 53,909

Long-term liabilities are not due and payable in the current period and
therefore are not reported in the funds. (Note 15)

Capital lease obligations	(313,165)	
Compensated absences	(467,699)	
Workers' compensation	(111,536)	
Litigation	(505,644)	
Net pension obligations	(537,353)	
Net other post employment benefits	(609,482)	
Other long-term liabilities	<u>(3,676)</u>	(2,548,553)

Long-term bonded debt is not due and payable in the current period and
therefore is not reported in the funds. Unamortized premiums, loss on
refundings, and interest payable are not reported in the funds. However,
these amounts are included in the Statement of Net Assets. This is the
net effect of these balances on the statement. (Note 13)

Bonds and notes payable	(8,214,803)	
Unamortized premiums	(278,555)	
Less unamortized discounts	474,193	
Less deferred loss amount on refundings	110,853	
Accrued interest payable	<u>(130,636)</u>	<u>(8,038,947)</u>

Net assets of governmental activities \$ 15,720,632

The accompanying notes are an integral part of the financial statements.